



Patrick W. Henning, Director
July 21, 2009

22M:375:JEP:9038



Arnold Schwarzenegger
Governor

Ms. Debra Donelson, WIB Director
County of Mendocino
631 S. Orchard Avenue
Ukiah, CA 95482

Dear Ms. Donelson:

WORKFORCE INVESTMENT ACT
85-PERCENT PROGRAM REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the County of Mendocino Local Workforce Investment Area's (Mendocino LWIA) Workforce Investment Act (WIA) 85-Percent program operations. We focused this review on the following areas: Workforce Investment Board and Youth Council composition, local program monitoring of subrecipients, management information system/reporting, incident reporting, nondiscrimination and equal opportunity, grievance and complaint system, and Youth program operations including WIA activities, participant eligibility, and Youth services.

This review was conducted by Ms. Jennifer Patel from November 17, through November 20, 2008.

Our review was conducted under the authority of Sections 667.400 (a) and (c) and 667.410 of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by the Mendocino LWIA with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding program operations for PY 2008-09.

We collected the information for this report through interviews with Mendocino LWIA representatives and service provider staff. In addition, this report includes the results of our review of selected case files, the Mendocino LWIA's response to Section I and II of the Program On-Site Monitoring Guide, and a review of applicable policies and procedures for PY 2008-09.

We received your response to our draft report on March 25, 2009, and reviewed your comments and documentation before finalizing this report. Your response adequately addressed findings one, two, and three cited in the draft report. However, these issues will remain open until we verify the implementation of your stated corrective action plan during a future onsite review. Until then, these findings are assigned Corrective Action Tracking System (CATS) numbers 90092, 90093, and 90094. Finally, your response did not adequately address finding four cited in the draft report, and we consider this finding unresolved. We request that the Mendocino LWIA provide the Compliance Review Office (CRO) with additional information and a corrective action plan (CAP) to resolve the issue that led to the finding. Therefore, this finding will remain open and has been assigned CATS number 90095.

BACKGROUND

The Mendocino LWIA was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2008-09, the Mendocino LWIA was allocated: \$266,824 to serve 85 adult participants; \$273,043 to serve 70 youth participants; and \$288,487 to serve 60 dislocated worker participants.

For the quarter ending September 30, 2008, the Mendocino LWIA reported the following expenditures for its WIA programs: \$43,165 for adult participants; \$201,650 for youth participants; and \$288,487 for dislocated worker participants. In addition, the Mendocino LWIA reported the following enrollments: 61 adult participants; 31 youth participants; and 24 dislocated worker participants. We reviewed case files for 25 of the 116 participants enrolled in the WIA program as of November 17, 2008.

PROGRAM REVIEW RESULTS

While we concluded that, overall, the Mendocino LWIA is meeting applicable WIA requirements concerning grant program administration, we noted instances of noncompliance in the following areas: Workforce Investment Board (WIB) composition, Youth Council (YC) composition, follow-up, eligibility documentation, and case file documentation. The findings that we identified in these areas, our recommendations, and the Mendocino LWIA's proposed resolution of the findings are specified below.

FINDING 1

Requirement: WIA Section 117(b)(2)(A)(iii)&(vi) states, in part, that the membership of each Local Board shall include representatives of labor organizations.

WIAD06-21 states, in part, that at least 15 percent of local board members shall be representatives of labor organizations unless

the local labor federation fails to nominate enough members. If this occurs, then at least 10 percent of the local board members shall be representatives of labor organizations.

The Mendocino LWIA's WIB bylaws state that it shall be composed of 38 members, 21 business members, 16 mandatory representatives, and one One-Stop representative.

Observation: The Mendocino LWIA's WIB does not meet the 15-percent requirement for labor organization representation. The WIB is currently missing two of five labor representatives. Additionally, the WIB does not meet the composition number as specified in the WIB bylaws. The Mendocino LWIA stated that the WIB bylaws are outdated and the WIB composition number will be changed.

Recommendation: We recommended that the Mendocino LWIA provide the CRO with a CAP, including a timeline, for appointing two additional labor representatives. We also recommended that the Mendocino LWIA provide an updated copy of its WIB bylaws showing that the minimum composition number has been reduced or provide a timeline for appointing an additional five WIB representatives to meet the minimum as specified in the current WIB bylaws. Finally, we recommended that the Mendocino LWIA provide CRO with documentation demonstrating that these appointments were made.

Mendocino LWIA Response: The Mendocino LWIA provided a copy of the February 11, 2009 Meeting agenda, to approve an amendment to the bylaws lowering the maximum number of WIB members from 38 to 33. With this amendment, the 15-percent requirement would require five labor representatives for the WIB. Due to the lack of nominations by the North Bay Labor Council and the Local Labor Federation which oversees Mendocino County, the Mendocino LWIA is in compliance with the 10-percent requirement for labor representation. The Mendocino LWIA provided a copy of the email conversation from March 2, 2009 representing its contact with the North Bay Labor Council AFL-CIO to pursue nominations.

State Conclusion: The Mendocino LWIA's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we receive a finalized copy of the updated WIB bylaws.

Until then, this issue remains open and has been assigned CATS number 90092.

FINDING 2

Requirement: 20 CFR Section 661.335(b)(2) states, in part, that the membership of each Youth Council must include individuals, including former participants and parents of eligible youth seeking assistance under subtitle B of Title I of WIA.

Observation: The Mendocino LWIA's YC does not have a former participant or a parent of eligible youth. These positions have been vacant for three years. The Mendocino LWIA stated that it is very difficult to maintain these representatives of the YC.

Recommendation: We recommended that the Mendocino LWIA provide CRO with a CAP, including a timeline, for appointing the required members to the YC. Additionally, we recommended that the Mendocino LWIA provide CRO with documentation demonstrating that these appointments were made.

Mendocino LWIA Response: The Mendocino LWIA stated that Ms. Pamela Harpster, YC member since June 11, 2008, qualifies as the parent of an eligible youth as both her children were participants in the WIA youth program. The YC actively recruits current participants for their membership but interest by participating youth on such a board is low, as work and school priorities are more meaningful to them. In any case, the Mendocino LWIA will attempt to fill the vacant slot by June 30, 2009.

State Conclusion: The Mendocino LWIA's stated corrective action should be sufficient to resolve this issue. However, we cannot close this issue until we receive verification that a former WIA youth participant has been appointed to the YC. Until then, this issue remains open and has been assigned CATS number 90093.

FINDING 3

Requirement: 20 CFR Section 667.300(a) states, in part, that all states and other direct grant recipients must report financial, participant, and performance data in accordance with instructions issued by the Department of Labor.

20 CFR Section 664.450(b) states, in part, that all youth participants must receive some form of follow-up services for a minimum duration of 12 months.

WIAD04-17 states, in part, that follow-up contact information is mandatory for four quarters after a client's exit unless specified otherwise in the entity's contract. Individuals may be re-evaluated at 30 days after exit and 60 days after exit for local purposes and at the 1st, 2nd, 3rd, or 4th quarter after the client leaves the program. A follow-up contact is a check to determine a client's employment and educational status after exiting the WIA program.

Observation:

We observed that the Mendocino LWIA did not complete follow-up for 6 of 11 youth participants who exited the WIA program. Specifically:

- 1st quarter follow-up was not completed for two participants.
- 1st quarter and 4th quarter follow-up for was not completed for one participant.
- 2nd quarter, 3rd quarter, and 4th quarter follow-up was not completed for one participant.
- 2nd and 4th quarter follow-up was not completed for one participant.
- One participant did not receive any follow-up services for 12 months after exiting the WIA program.

Although the required follow-up was eventually completed during the quarter following the missed quarter, this delay method does not replace the requirement to conduct quarterly follow-up during the correct period.

Recommendation: We recommended that the Mendocino LWIA provide CRO with a CAP stating how it will ensure, in the future, that follow-up is completed for four quarters after the participant's exit.

Mendocino LWIA Response:

The Mendocino LWIA stated that the administrative staff has informed the Program Operator of the need to retain follow-up staff to comply with the WIB policy which requires follow-up four quarters post exit. This will be monitored for compliance during the Mendocino LWIA's future program monitoring.

State Conclusion: The Mendocino LWIA's stated corrective action should be sufficient to resolve this issue. However, we cannot close this

issue until we verify, during a future onsite visit, the Mendocino LWIA's successful implementation of its stated corrective action. Until then, this issue remains open and has been assigned CATS number 90094.

FINDING 4

Requirement: 20 CFR Section 664.200(b)(c)(1) states, in part, that an eligible youth is an individual who is age 14 through 21; a low income individual; and is within one or more of the following categories:

- 1) deficient in basic literacy skills,
- 2) School dropout,
- 3) Homeless, runaway, or foster child,
- 4) Pregnant or parenting,
- 5) Offender, or
- 6) Is an individual who requires additional assistance to complete an educational program, or to secure and hold employment.

WIAD04-18 states, in part, that acceptable documentation for basic literacy skills deficient is a standardized test or school records. It also states that local areas are responsible for ensuring that adequate documentation is contained in their participant case files to minimize the risk of disallowed costs. It defines documentation as on-file physical evidence, which is obtained during the verification process.

Observation: We observed that 4 of 13 in-school youth case files reviewed did not contain adequate eligibility documentation. Specifically, the four youths were enrolled in the WIA program based on their low income status and deficiency in basic literacy skills. The case file contained low income eligibility documentation but did not contain documentation of basic skills deficiency. Specifically, the file did not contain copies of the standardized test. The Mendocino LWIA could not provide copies of these tests stating that scantron copies of the test are not available. Two of the four participants are still active.

Recommendation: We recommended that the Mendocino LWIA provide documentation to substantiate the basic skill deficiency of the four participants. If the Mendocino LWIA cannot provide this information or substantiate another eligibility criterion for these individuals, they will be considered ineligible for WIA services.

Finally, we recommended that the Mendocino LWIA provide CRO with a CAP stating how it will ensure that deficiency in basic literacy skill documentation, including copies of the standardized test, is contained in all youth participant case files.

**Mendocino LWIA
Response:**

The Mendocino LWIA stated that they utilize the standardized test, the Test of Adult Basic Education (TABE), to assess basic skills levels. The TABE assessment is given via a booklet of questions which is not a consumable but is reused with the individual's answers marked on a scantron card. The cards are run through a scanner and the results printed to delineate and verify the basic skills levels. This report, not the scantron answer card, is what is used as file documentation of the skill level. The Mendocino LWIA stated this document was present in each of the files reviewed.

State Conclusion:

Based on the Mendocino LWIA's response, we cannot resolve this issue at this time. Although the Mendocino LWIA stated that the printed results of the TABE test were present in the files noted above, we did not find them. Therefore, we still require that the Mendocino LWIA provide CRO with documentation to substantiate basic skills deficiency for the four participants in question. This issue remains open and has been assigned CATS number 90095.

FINDING 5

Requirement:

OMB Circular A-87, Attachment A, Section C states, in part, that to be allowable, costs must be adequately documented.

WIA Section 129(a)(5) states, in part, youth funds may be used to provide incentives for recognition and achievement to eligible youth.

20 CFR Section 663.800 states, in part, that supportive services are those services necessary to enable an individual to participate in WIA activities.

WIA 129(c)(1)(A-B) states, in part, that the program shall develop a service strategy for each participant that shall identify an employment goal (including, in appropriate circumstances, nontraditional employment).

WIAD04-18 states, in part, that local areas are responsible for ensuring that adequate documentation is contained in their participant case files to minimize the risk of disallowed costs. It defines documentation as on-file physical evidence, which is obtained during the verification process.

Observation:

We observed that the Mendocino LWIA was missing stipend, supportive service, and Individual Service Strategy (ISS) documentation in its case files. Specifically:

- Five participants were provided a \$25-\$50 incentive for completing Basic Skills Training and Work Readiness Training but the case file did not contain completion certificates. Subsequent to the review, completion certificates for all five participants were provided.
- Two youth participant case files did not contain an ISS. Additionally, five participant's ISS did not include an employment goal. Subsequent to the review, the Mendocino LWIA provided a copy of the ISS for both participants and updated copies for the five participants stating that the participant did not identify an employment goal as part of their program objective.
- The Mendocino LWIA bought two youth participant's clothes for work totaling \$197.15 for one participant and \$126.07 for the second but the case file did not include receipts to verify the purchases. Subsequent to the review, the Mendocino LWIA provided receipts from Mervyn's and JC Penny's to substantiate the type of clothes purchased were appropriate.

We consider this issue resolved.

FINDING 6**Requirement:**

WIAD04-18 states, in part, that local areas are responsible for ensuring that adequate documentation is contained in their participant case files to minimize the risk of disallowed costs. It defines documentation as on-file physical evidence, which is obtained during the verification process.

California Education Code Section 49160 states, in part, that no person, firm or corporation shall employ, suffer, or permit any minor under the age of 18 years to work in or in connection with any establishment or occupation, except as provided in Section 49151, without a permit to employ, issued by the proper educational officers in accordance with law.

California Labor Code Section 1299 states, in part, that every person, or agent or officer thereof, employing minors, either directly or indirectly through third persons, shall keep on file all permits and certificates, either to work or to employ.

Observation:

We observed that 4 of 25 youth participant case files reviewed were missing eligibility information. Specifically:

- Two younger youth participants, ages 15 and 17, were participating in paid work experience. However, the case files did not contain work permits. Both clients have been exited from the WIA program. Subsequent to the review, the Mendocino LWIA provided work permits for both youth participants. The dates on the work permits coincide with the dates the youth participants were enrolled in work experience.
- One youth participant case file did not contain selective service registration documentation. The male youth was 18 years old at the time of enrollment. Subsequent to the review, the Mendocino LWIA provided selective service registration documentation verifying that the youth registered on February 25, 2008.

We consider this issue resolved.

We provide you up to 20 working days after receipt of this report to submit your response to the Compliance Review Office. Because we faxed a copy of this report to your office on the date indicated above, we request your response no later than August 25, 2009. Please submit your response to the following address:

Compliance Monitoring Section
Compliance Review Office
722 Capitol Mall, MIC 22M
P.O. Box 826880
Sacramento, CA 94280-0001

In addition to mailing your response, you may also FAX it to the Compliance Monitoring Section at (916) 654-6096.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all of the areas included in our review. It is the Mendocino LWIA's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain the Mendocino LWIA's responsibility.

Ms. Debra Donelson

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July 21, 2009

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 654-7005 or Ms. Jennifer Patel at (707) 576-2017.

Sincerely,

A handwritten signature in cursive script, appearing to read "Jessie Mar". The signature is written in dark ink and is positioned above the printed name and title.

JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Linda Beattie, MIC 50
Greg Gibson, MIC 50
Daniel Patterson, MIC 45
Jose Luis Marquez, MIC 50